

Marketing by High End Private Hospitals in Bangalore City - Changing Landscape

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ABSTRACT

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Over the last few years many corporate and foreign hospitals have set up centers in Bangalore offering world class healthcare facilities. They have changed the healthcare situation in the city by making available facilities that were hitherto available only abroad. However to provide these facilities hospitals need to invest heavily in infrastructure and medical teams. With the city emerging as a major center for medical tourism, many of these hospitals offer hospitality services as well, at par with that of five star hotels, making hospital stay a very pleasant experience indeed. This calls in for further investments. For faster recovery of returns on these investments hospitals need to increase both the number of patients and number of times each patient visits the hospital. This is where marketing becomes relevant. In earlier days hospitals never used to market themselves. Healthcare is seen as a social service in India and there was a certain stigma to hospitals doing marketing activities. However, now we have a whole set of hospitals that do not believe in this philosophy. With these hospitals resorting to rather persuasive ways of attracting patients, the whole marketing landscape has changed. This paper attempts to map the emerging landscape of hospital marketing.

Keywords: Hospital marketing, High end hospitals

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INTRODUCTION

Healthcare sector in India will grow at a CAGR of 12% to 15% till year 2020, states a study done by McKinsey in collaboration with CII on Indian healthcare sector in 2010. The four main factors that contribute to this growth are:

1. Country's expanding middle class base: Number of middle class households (earnings between INR 200,000 and INR 10,00,000) will increase almost four fold from 24 million to 93 million in 2020. (Exhibit 1)
2. The rising middle class spending more on healthcare: Urban middle class will shift consumption from basic necessities (food and clothing) to more discretionary items (including healthcare). (Exhibit 2)
3. Increase in incidence of lifestyle diseases: Cardiac diseases, diabetes, obesity and cancer are expected to rise from 7.7% in 2005 to 11.6% in 2015. Lifestyle related diseases are expected to increase from 13% in 2008 to 20% of all ailments in 2018. This is likely to trigger additional demand for specialized treatment, which can be provided better in specialty or super-specialty hospitals. This may lead to increasing margins for hospitals, since these

lifestyle diseases are the high margin end of disease spectrum (Exhibit 3)

4. Government focus on healthcare increasing: Government spending on healthcare currently very low. This is set to increase significantly in the 12th plan. (Exhibit 4)

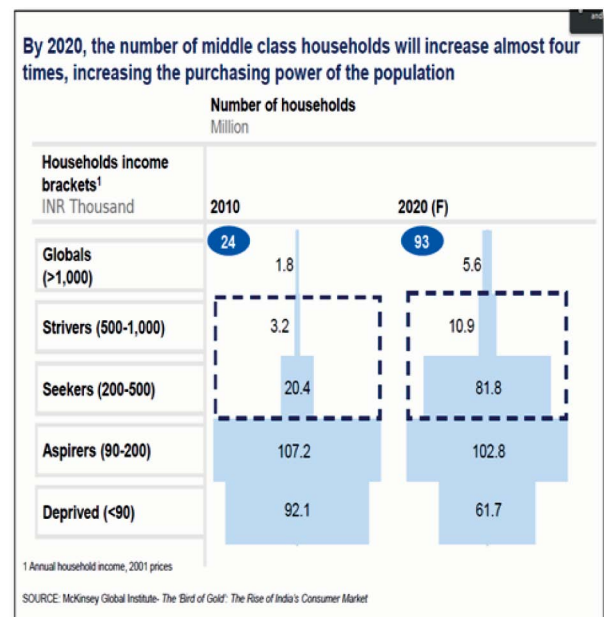


Figure 1. Country's expanding middle class base

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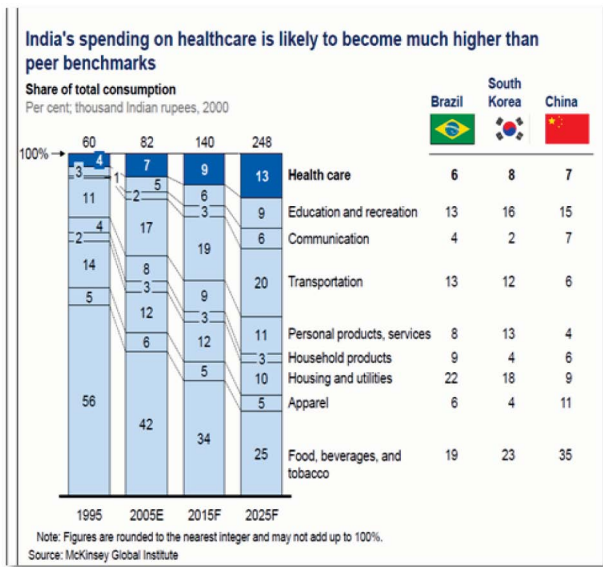


Figure 2. Rising spending on Health Care

This growth is reflected in Bangalore city as well. Over the years the city has seen some major advances in the healthcare sector. The number of high end multi specialty hospitals that offer tertiary care has gone up in the city; all major corporate hospitals in the country have now opened up their centers in Bangalore; all major private hospitals offer the kind of healthcare for which Bangaloreans had to travel abroad till a few years ago; also, there is a growing trend towards enhancing the hospitality side of healthcare by providing a non-clinical environment in hospitals.

On the demand front too there are many changes: Wider adoption of health insurance makes costly health-care facilities affordable for many more than before. What is true for the country is true for this city too – there is an increase in the incidence of lifestyle diseases such

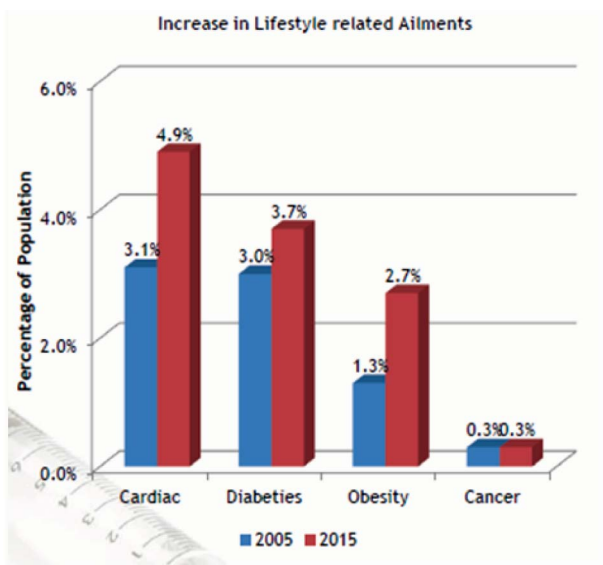
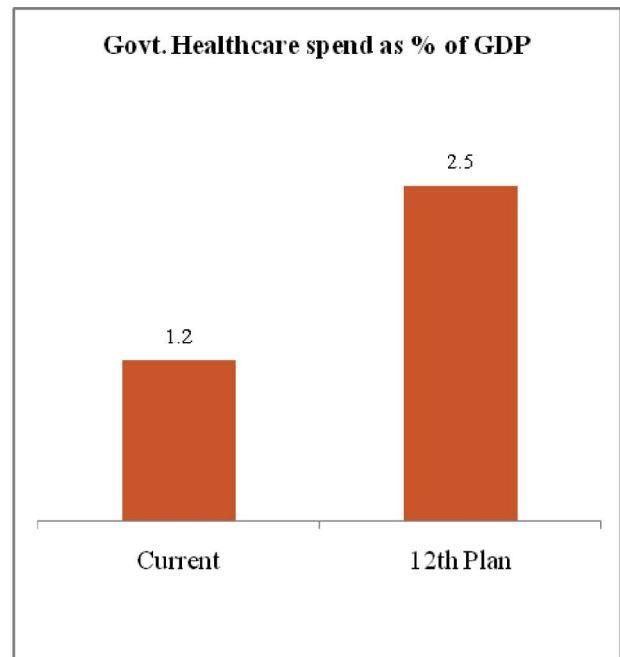


Figure 3. Increase in Life Style related ailments



Source: McKinsey CII Report 2010

Figure 4. Government Health Care spend as % of GDP

as diabetes, cardiac problems, obesity related health issues etc. There is higher health awareness among the expanding middle class and they are willing to spend on healthcare. Also, with its pleasant climate, metropolitan culture and an expat population base, Bangalore attracts a good share of medical tourism as well.

NEED FOR THE STUDY

Increasing corporatisation of hospital groups and increasing consumerism in the healthcare sector makes marketing unavoidable to high end private hospitals. All high end hospitals have a full fledged marketing department that is responsible for conceptualizing and implementing marketing programs. These marketing programs are rather expensive and extensive. The paper attempts to look at the evolving marketing landscape for high end hospitals in Bangalore city and suggest ways to make marketing programs more effective in terms of attracting a bigger share of patients seeking world class health care in the city.

OBJECTIVES OF THE STUDY

Objectives of the study are to understand:

1. Relevance of marketing for premium private hospitals
2. Marketing activities carried out by the hospitals
3. Ethics of hospital marketing

RESEARCH METHODOLOGY

Type of study: Descriptive research

Type of data: Primary data and secondary data

Source of data: Primary data – In-depth interviews with:

Marketing professionals in high end hospitals Office bearer in Indian Medical Association Ex McKinsey consultant who worked in healthcare sector

Secondary data – Newspaper articles, Medical journals

Research tool: In-depth interview schedule

SCOPE OF THE STUDY

The study is limited to hospitals located in Bangalore. Type of hospitals studied were private hospitals that satisfy the following criteria:

Multi specialty hospital

Offers tertiary care / quaternary care

(All these hospitals had state-of-the-art equipment in terms of operating theatres, intensive care and diagnostics in radiology, lab services, cardiology etc.)

Relevance of Marketing for Premium Private Hospitals

Earlier hospitals did not resort to marketing because often the supply and demand situation in the healthcare sector was such that much effort was not required to get patients. Also, marketing in such sectors as healthcare and education was not taken well because these sectors have a 'social service' connotation attached to it. Therefore commercial marketing, promotion and profitable pricing were looked upon as almost criminal acts. Hospitals relied mostly on word of mouth for publicity. Disadvantage of this mode is that it will take a long time before the community gets to know about the facilities offered by the hospital. This was acceptable in earlier times as the per-bed investment for hospitals was not as much as it is today.

Marketing has become a very relevant concept for hospitals today. This is mainly on account of the following factors:

1. Hospitals today have to invest heavily on:

- a. Medical equipment: Most of the high end hospitals offer advanced medical facilities for which state of the art medical equipment are necessary. This calls in for heavy investments – for e.g. recently Manipal hospital invested over

Rs.119 crores (\$ 20 m) for acquisition of latest equipment in medical technologies.

- b. Infrastructure: Basic investments on land, building and interiors can prove to be rather expensive in a metropolitan city like Bangalore. In fact per bed investment required is estimated to be in the tune of Rs. 40 lakhs to Rs. 50 lakhs. Also, high end hospitals in the city endeavour to provide a non clinical environment for patients. Some even offer 'royal suites' and 'executive suites' for hospital stay that provide comforts at par with five star restaurants. Most of these hospitals are equipped with such facilities as café, play areas for children etc. All this necessitates huge investments. Recently Manipal hospital invested more than Rs. 298 crores (\$50m) in creating and improving their infrastructure.

- c. IT: IT is employed in high end hospitals at a basic level as in CRM to a complex level as in Picture Archiving and Communication System (PACS). (A picture archiving and communication system (PACS) is a medical imaging technology which provides economical storage of and convenient access to, images from multiple modalities (source machine types). Electronic images and reports are transmitted digitally via PACS; this eliminates the need to manually file, retrieve, or transport film jackets. Recently Manipal hospital invested Rs. 29.8 crores (\$5m) in their IT primarily to set up a Hospital Information System and Electronic Patient Records.

2. Medical teams: The best of the facilities in a hospital will be totally useless without a skilled medical team. High profile medical practitioners working in high end hospitals in the city command hefty remunerations. A doctor with around 15 to 17 years of experience will get anywhere between Rs.45 lakhs to more than a crore rupees per annum.
3. Health sector in India is growing at a CAGR of 12-15%. Growth for Medical tourism during 2013-2015 is estimated to be more than 20% (Source: 'India in Business' published by Ministry of External Affairs, GoI). To become a 'Star' in BCG Matrix i.e. to secure a high market share in a high growth industry, individual hospitals have to market themselves.
4. Purchasing power of expanding middle class base is certainly increasing in the country. To convert this purchasing power into demand for the specific health services offered by a specific hospital, the hospital will have to market itself.

5. Consumerism is on the rise in the healthcare sector. Patients today have higher awareness about health issues, source health related information from multiple sources and are informed enough to have brand preferences. This makes it necessary for hospitals to ensure visibility by generating enough awareness about their doctors and facilities offered.
6. Increase in the number of private players makes competition fierce.

For all the reasons cited above, there is a need for private hospitals to go in for extensive marketing.

MARKETING ACTIVITIES

The marketing activities carried out by high end private hospitals in Bangalore include:

1. Medical camps
2. 'Continued medical education'
3. Retail healthcare format
4. Publicity & public relations
5. Use of internet and social networking sites
6. Use of conventional media
7. Marketing exclusively for medical tourism
8. CSR activities

Medical Camps: Camps are generally organized in apartment complexes, offices, educational institutions etc. In these medical camps hospitals organise basic health checkups that include testing blood pressure and blood sugar levels, BMI (body mass index) calculation etc. Discount packages are then offered to participants – these discount packages would entitle them to special prices for specific health care facilities in the hospitals. Such discount offers would be valid for specific time periods – usually 90 days. These discounts are decided based on what the target group can afford and what best the hospital can offer and not necessarily based on the discount rates offered by competition. These camps could be organized any time of the year, though special efforts are made to organize them on medically significant days as World Cancer Day (Feb. 4th), World Diabetes Day (Nov.14th) and World Heart Day (Sept. 29).

Continuing Medical Education (CME): High end private hospitals organise seminars in which specialists from these hospitals talk about the medical facilities offered (like minimally invasive cardiac surgery, neonatal intensive care facilities, hybrid replacement

technique used in hip replacement surgery etc.) in their hospital. Along with general practitioners in the area, doctors from other smaller hospitals, clinics and nursing homes are invited to attend these CME programs. These doctors are given audio visual presentations on the procedures carried out by specialists to treat specific health problems. Awareness among these doctors about the facilities offered by high end hospitals in their area would help them to recommend the right hospitals to their patients for doing complex medical procedures. Thus these CME programs will help high end hospitals to attract patients through their local doctors. Around 100-150 such seminars are held by a hospital each year.

Retail healthcare format: While hospitals initially focused solely on metros and big cities, they are now looking at semi urban and even rural areas to extend their reach. Many of the high end hospitals have neighbourhood clinics and diagnostic centers, dental clinics, diabetes clinics and dialysis units. In these centers, only consultations and diagnostic services are offered. The patients who need complex medical procedures are then directed to the main hospital in metros / big cities. These clinics / diagnostic centers attract patients from adjoining Tier 2 cities (like Hubli, Belgaum, Bijapur etc for Bangalore) Specialists from the city hospital would visit these clinics once a month or so for a couple of days. These visits are given much local publicity. Media used are advertisements in newspapers, leaflets etc. The fact that Apollo will invest Rs 300 to Rs 500 crore over the next three to five years in growing such markets indicates the importance high end hospitals attach to this kind of retail healthcare format.

Publicity & Public Relations: Hospitals get major channels to cover them in health related documentaries aired by them. Specialists from these hospitals participate in health shows / phone in programs aired by major channels. This is a major way of generating awareness on the facilities offered at these hospitals. Also, hospitals regularly release news worthy treatments to media. Also, whenever a new service, facility or specialisation is launched, hospitals would issue press releases to make the local doctors and general public aware about the new offering. Publicity for high end hospitals is handled by professional agencies E.g. RK Swamy BBDO handles corporate communications for Manipal Health Enterprises.

Use of Internet and Social Networking Sites: All high end hospitals have their websites, Facebook pages and twitter accounts. You Tube is rife with videos of

these hospitals that include patient testimonies. Special digital agencies handle internet publicity that includes Search Engine Optimisation, boosting of 'likes' etc.

Use of Traditional Media: Columbia Asia ran a series of articles in Times of India about medical issues related with seasonal ailments, diet and physiotherapy, surgeries, medicine, mother and child care etc. For publicity, hospitals employ strategically placed hoardings, advertisements in radio and newspapers etc. Though all high end hospitals use these traditional media, extent of adoption varies. For e.g. Apollo Hospitals use hoardings to a very limited extent compared to others.

Marketing for Medical Tourism: High end hospitals in the city attract patients from countries in West Asia,

South Asia, Africa and even Europe and the United States of America. Fortis Healthcare alone caters to 10,000 foreign patients (This figure is all India figure for Fortis hospital) every year. High end hospitals have separate departments that take care of medical tourism. Critical marketing activities specific to medical tourism comprise liaising with medical travel agencies, word of mouth (customer experience) and internet marketing. Internet marketing includes having a content rich website, increasing search engine optimization (SEO), social media marketing, patient testimonials and providing information about Bangalore (from a tourism perspective).

Corporate Social Responsibility: High end private hospitals in the city take CSR activities very seriously. Some examples are: Manipal Hospital offers free

Exhibit 5

<p style="text-align: center;">Code of Ethics Regulations, 2002 (AMENDED UPTO DECEMBER 2010) (Published in Part III, Section 4 of the Gazette of India, dated 6th April,2002)</p> <p style="text-align: center;">MEDICAL COUNCIL OF INDIA NOTIFICATION New Delhi, dated 11th March, 2002</p> <p>No. MCI-211(2)/2001/Registration. In exercise of the powers conferred under section 20A read with section 33(m) of the Indian Medical Council Act, 1956 (102 of 1956), the Medical Council of India, with the previous approval of the Central Government, hereby makes the following regulations relating to the Professional Conduct, Etiquette and Ethics for registered medical practitioners, namely:-</p> <p>Short Title and Commencement:</p> <p>These Regulations may be called the Indian Medical Council (Professional conduct, Etiquette and Ethics) Regulations, 2002. They shall come into force on the date of their publication in the Official Gazette.</p> <p>CHAPTER 6</p> <p>6. UNETHICAL ACTS :</p> <p>A physician shall not aid or abet or commit any of the following acts which shall be construed as unethical</p> <p>6.1 Advertising :</p> <p>6.1.1 Soliciting of patients directly or indirectly, by a physician, by a group of physicians or by institutions or organisations is unethical. A physician shall not make use of him / her (or his / her name) as subject of any form or manner of advertising or publicity through any mode either alone or in conjunction with others which is of such a character as to invite attention to him or to his professional position, skill, qualification, achievements, attainments, specialities, appointments, associations, affiliations or honours and/or of such character as would ordinarily result in his self aggrandizement.</p> <p>A physician shall not give to any person, whether for compensation or otherwise, any approval, recommendation, endorsement, certificate, report or statement with respect of any drug, medicine, nostrum remedy, surgical, or therapeutic article, apparatus or appliance or any commercial product or article with respect of any property, quality or use thereof or any test, demonstration or trial thereof, for use in connection with his name, signature, or photograph in any form or manner of advertising through any mode nor shall he boast of cases, operations, cures or remedies or permit the publication of report thereof through any mode. A medical practitioner is however permitted to make a formal announcement in press regarding the following:</p> <p>On starting practice.</p> <p>On change of type of practice. On changing address.</p> <p>On temporary absence from duty. On resumption of another practice. On succeeding to another practice. Public declaration of charges.</p> <p>6.1.2 Printing of self photograph, or any such material of publicity in the letter head or on sign board of the consulting room or any such clinical establishment shall be regarded as acts of self advertisement and unethical conduct on the part of the physician. However, printing of sketches, diagrams, picture of human system shall not be treated as unethical.</p>
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treatment to patients at an adopted village, Jakkur, every week. Nearly 1500 poor patients provided free beds per year. Manipal Foundation caters to the funding needs of the poor - Rs. 5 crore already spent to provide subsidised treatment to the poor patients. Along with a host of other CSR activities Apollo Hospital has launched 'Apollo Life Saver Training Program' that trained one person in each family on Basic Life Support Systems. Fortis Hospital offers subsidised medical care to the needy and promotes health education. Such CSR activities help the hospitals to improve their images and enhance stakeholder engagement.

Hospital Marketing: Code of Ethics

Ethics of hospital marketing is questionable based on the IMC guidelines [Exhibit 5] however hospitals have been practicing marketing in a subtle way since decades. It has of course become more blatant now, however when they do market, they resort to ethical marketing practices.

CONCLUSIONS

- Marketing has become a very relevant concept for high end hospitals mainly on account of the high investment costs involved in providing world class health care.
- Healthcare has a 'social service' connotation to it, hence commercial marketing by hospitals need to be done with care and caution.
- What is unique about marketing services and facilities offered by hospitals is that the end consumers (patients) may not exactly be the decision makers (doctors) on adoption of these services. Patients rely on their general practitioners to advise them on which hospital to go for advance treatments. Value proposition might be too complex for the end users to understand. Therefore there are two target groups for marketing - general practitioners and patients.
- The 4 Ps of Hospital Marketing:
- Product - Hospitals try to create product differentiation by way of offering specialized services or facilities not available elsewhere. But other hospitals are quick to adopt these, thereby foiling the competitive advantage. For e.g. Manipal Hospitals was the first to provide robotic surgery, which is especially useful in the fields of urology, cancer surgery and gynecology. Now all hospitals offer this facility. Product differentiation can happen only if leap ways are made as in regenerative medicine like the use of stem cells, tissue engineering, bio artificial

organs etc.

- Promotion -Although all the high end hospitals actively engage in marketing activities, there doesn't seem to be any distinct difference in the kind of promotional activities that they do.
- Placement – All the major hospitals ensure accessibility by having clinics or diagnostic centers in nearby Tier II cities. They also open access centers abroad to promote medical tourism. Accessibility to these hospitals is well taken care of.
- Pricing decisions are not within the scope of marketing department. This is decided by Top Management and Finance Department.
- Ethics of hospital marketing is questionable based on the IMC guidelines however hospitals in Bangalore do practice only ethical marketing.

SUGGESTIONS & RECOMMENDATIONS

- Given the nature of industry, soft marketing is better than hard sell.
- More focus needs to be given on internal marketing. Internal marketing involves hiring, training and motivating able employees who want to serve the customers well. This would ensure that everyone in the hospital (and not just the doctors) embraces appropriate marketing principles.
- Market research activities should be given prominence so as to understand the patients better in terms of their needs and priorities.
- High end hospitals in Bangalore operate in a highly competitive environment, hospitals need to create a differentiator and continuously innovate to stay ahead of the game.
- Given that medical tourism is expected to grow at a CAGR of more than 20% during 2013-2015 (Source: 'India in Business' published by Ministry of External Affairs, GoI) and Bangalore is a good tourist destination, city hospitals need to focus more on promoting medical tourism.

END NOTE

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